

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	CRIMINAL NO.
	)	
v.	)	Count 1: [Illegally
	)	Supplementing Federal
SHIRLEY A. FRANKLIN	)	Official's Salary]
	)	18 U.S.C. §209
Defendant	)	

STATEMENT OF FACTS

If this matter were to proceed to trial, the United States would prove the following beyond a reasonable doubt.

I. INTRODUCTION

A. Government Officials: Robert L. Neal and Francis D. Jones

\_\_\_\_1. Robert L. Neal, Jr. ("Neal") was the Director of the Office of Small and Disadvantaged Business Utilization ("SADBU") within the Department of Defense ("DoD"). SADBU was the office within DoD chiefly responsible for the administration of acquisition preference programs within DoD. Neal held his position as Director of SADBU from about June 1996 until about June 13, 2001. As the Director of SADBU, Neal was a Senior Executive Service (SES) employee and a political appointee.

2. Francis D. Jones ("Jones") was Neal's Executive Assistant at SADBU from in or about May 1999 until about January 19, 2001. Jones was selected for this SES position by Neal. Immediately prior to Jones' employment at SADBU, Jones worked at GSA in contract administration. Prior to the time Jones left GSA for DoD, Jones's position at GSA was Deputy Director for National Federal Acquisition Services for Technology (National FAST).

3. Neal and Jones were "public officials" within the meaning of 18 U.S.C. § 201(a)(1).

4. During their respective tenures at DoD, Neal and Jones worked at DoD offices located in Arlington, Virginia. During his tenure at GSA, Jones worked at GSA offices located in Falls Church, Virginia.

5. By virtue of their respective official positions within both DoD and GSA, Neal and Jones exerted substantial influence over certain individuals and companies seeking to participate in acquisition preference programs administered by DoD and GSA.

6. Among the acquisition preference programs administered by SADBUE was the DoD mentor protege program. The purpose of the mentor protege program was to encourage major DoD contractors, through Government cost reimbursement, to assist in improving small disadvantaged businesses' capabilities to perform as subcontractors and suppliers. The DoD Comptroller provided funds to the SADBUE office, which in turn sub-allocated a portion of the funds to military departments and defense agencies for disbursement to mentor companies to pay for the training of protege companies.

B. The Defendant, Other Parties And Organizations

7. COMPUTER CONSULTING OPERATIONS SPEC., INC. (CCOPS) was a woman owned, small and disadvantaged business, operating in Culver City, California, that provided information technology services to customers. CCOPS held contracts with major

manufacturers and with certain United States government agencies, including GSA and DoD.

8. CCOPS was awarded a contract under one of GSA's acquisition preference programs for disadvantaged businesses. The contract was referred to as the "FAST [Federal Acquisition Services for Technology] 8(a) Multiple Award Indefinite Delivery Indefinite Quantity (MAIDIQ) Contract." FAST 8(a) MAIDIQ contracts were "set aside" contracts for Information Technology (IT) products and services reserved for certain qualifying Small and Disadvantaged Businesses, known as "8(a) companies." The award of a FAST 8(a) MAIDIQ contract to an 8a company had the potential of generating substantial business for that company in part because services and goods could be purchased by a government agency without competitive bidding for specific purchases (referred to as "task orders"). FAST 8(a) MAIDIQ contracts were awarded for a five year term, with a maximum "contract ceiling" of \$90,000,000.

9. The Defense Modeling and Simulation Office (DMSO) was a component of DoD. DMSO would order contracts for goods and services through GSA contracts.

10. Northpointe Telecom, Inc. ("Northpointe") was a California company that maintained a bank account with NationsBank in Washington, D.C.

11. The defendant, SHIRLEY A. FRANKLIN, is a sister of the owner of CCOPS. She was employed by CCOPS as a project manager

on CCOPS's contracts with DoD's DMSO. Defendant FRANKLIN also was the owner and the president of Northpointe.

C. Actions Taken By Neal And Jones For The Benefit Of CCOPS

12. In September 1997, Neal gave approval for CCOPS to be a protege to IBM Global Government Industry, a mentor, under DoD's mentor protege program. By year end 1999, in part as a result in its participation in the mentor protege program, CCOPS received in excess of \$4 million in DoD related business, either as a prime contractor, as described herein at ¶13, or as a subcontractor.

13. Beginning in about March 1998 Jones directed a DoD official at DMSO to choose CCOPS as its general contractor for multiple vendors and consultants, whose services DMSO wanted to employ but who had not obtained their own GSA contracts enabling them to be conveniently hired by DMSO. Under the arrangement, these vendors and consultants would then work for DMSO as subcontractors to CCOPS. Using CCOPS' IDIQ contract vehicle for this purpose, Jones was able to direct, without competitive bidding, substantial DMSO business to CCOPS in 1998. As DMSO's needs increased as reflected in the submission of new task orders, in addition to the annual renewal of previous task orders, Jones continued to direct DMSO to keep using CCOPS, as its general administrative contractor, through 1999 up until approximately September 2000.

II. THE SERIES OF PAYMENTS TO JONES AND NEAL

14. Beginning on about January 1999 and continuing as late as June 2001, in the Eastern District of Virginia and elsewhere, the defendant SHIRLEY A. FRANKLIN agreed to permit Jones to have access to substantial sums of money that had originated from CCOPS. She facilitated his access to these funds in part to financially reward him for his on-going assistance in the exercise of his official duties, particularly, his direction and influence over DMSO's procurement decisions. Defendant FRANKLIN admits that the president and owner of CCOPS was fully aware of the facts set forth in this paragraph.

15. Defendant FRANKLIN facilitated payments to Jones through a Northpointe bank account at NationsBank in the Washington D.C. metropolitan area. Northpointe was a company owned and controlled by defendant FRANKLIN. Defendant FRANKLIN knew that CCOPS was periodically transferring its funds through an intermediate account, controlled by a family member of the owner of CCOPS, to the NationsBank Northpointe account. From approximately December 1998 through approximately August 2000, using the intermediate account, defendant FRANKLIN assisted in the transfer of approximately \$872,000 of CCOPS funds to the Northpointe bank account. In early 1999, defendant FRANKLIN permitted Jones to have signatory authority (with her) on the Northpointe bank account.

16. From approximately February 1999 through August 2001, defendant FRANKLIN permitted Jones to withdraw cash from, or to

write checks on, the Northpointe account for his own benefit. In some cases, at the direction of Jones, defendant FRANKLIN signed Northpointe checks, knowing that Jones would personally benefit. Defendant FRANKLIN was unaware that some of these payments turned out to be for the benefit of Neal. For example:

- a) On or about January 29, 1999, defendant FRANKLIN wrote a Northpointe check to NationsBank in the amount of \$5,455.55 to pay a balance on a credit card issued to Neal.
- b) On or about July 23, 1999, defendant FRANKLIN wrote a Northpointe check to the Valley Travel Group in the amount of \$1,031.20 to pay for a trip for Neal and a female companion.
- c) On or about March 24, 2000, defendant FRANKLIN wrote a Northpointe check in the amount of \$49,996.80 payable to Enterprise Bancorp, Inc., which check was used by Neal and Jones to purchase 2,232 shares each in Enterprise Bancorp, Inc., and its wholly owned subsidiary, Enterprise Federal Savings Bank.
- d) On or about May 30, 2000, defendant FRANKLIN caused the intermediate account, controlled by a family member of the owner of CCOPS, to issue a \$27,000 check payable to a company, designated by Jones, which funds eventually ended up in a Liechtenstein bank account, controlled by Jones and Neal.

17. Throughout 1999 up through September 2000, defendant FRANKLIN continued to seek the assistance of Jones in maintaining and enlarging CCOPS' business with DMSO. After a personnel change was made at DMSO in September 2000, which limited Jones' ability to influence DMSO decisions, defendant Franklin continued to seek Jones' assistance. For example, in mid September 2000, defendant FRANKLIN contacted Jones and told him about certain billing related problems CCOPS was having with a newly appointed DMSO official. The newly appointed DMSO official was questioning CCOPS' invoices and was seeking backup documentation from CCOPS before releasing payment. Within a day or two, Jones contacted the DMSO official, questioned the official's right to obtain the documentation sought, and urged him to proceed with payment.

18. In all, from approximately February 1999 through August 2001, from the Northpointe funds Jones received approximately \$275,000 and Neal received approximately \$72,000.

Respectfully submitted,

Paul J. McNulty  
United States Attorney

By: \_\_\_\_\_  
Stephen P. Learned  
Assistant United States Attorney

Seen and Agreed:

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Shirley A. Franklin

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Peter H. White  
Counsel for Shirley A. Franklin